



February 28, 2019

The Honorable Sean Scanlon, Chair  
Honorable Members  
Joint Committee on Insurance and Real Estate  
Connecticut State Capitol  
300 Capitol Ave. 2800  
Hartford, CT 06106

**RE: HB 7174 (Prescription Drugs)**

Dear Chairman Scanlon and Honorable Members:

On behalf of the Pharmaceutical Care Management Association (PCMA), I am writing you to provide our comments regarding HB 7174 (Prescription Drugs). PCMA is the national trade association for America's Pharmacy Benefit Managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage through independent businesses, health insurers, labor unions, and federal and state-sponsored health programs.

PBMs' primary focus is creating solutions for payers to improve the quality of patient care while managing ever-growing costs. While it is always the drug manufacturer who decides what the price of a given drug will be, PBMs attempt to put downward pressure on cost by negotiating price concessions with manufacturers and pharmacies on behalf of plan sponsors. PBMs also lower costs by encouraging use of generics and offering specialty pharmacy services. Over the next ten years, PBMs and specialty pharmacies will save payers and patients an estimated total of \$650 billion nationally when compared to expenditures with limited use of PBM tools.<sup>1</sup> PBMs also offer clinical programs to drive medication adherence and health outcomes that address the nearly \$300 billion in annual costs associated with non-adherence, while preventing fraud, waste and abuse in prescription drug delivery.

While there are many new ideas included in HB 7174 that may need further discussion, here we'd like to specifically address the mandate on page 7, lines 181-186, that would prohibit a PBM from recouping a claim after it has been paid unless it is permitted under the existing pharmacy audit law or required by applicable law. This section of the bill unfortunately takes health care a step backwards by prohibiting certain pay for performance programs between PBMs and pharmacies. Similar to how performance based incentives for hospitals and doctors were initially used in Medicare, once proven as a tool that improves patient care and quality outcomes, the private market began looking at ways to use these same tools and demanded that their health plan and PBM be able to use both the carrot and the stick to ensure the highest quality care. The pharmaceutical industry is just starting to offer outcomes based contracts for drugs. Given this is a new concept this language would eliminate any opportunity to use at the pharmacy level.

However, by stating that a carrier or PBM may not recoup moneys from a pharmacy or pharmacist except in relationship to a pharmacy audit, this bill would prohibit recoupments in the

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<sup>1</sup> Pharmacy Benefit Managers (PBMs): Generating Savings for Plan Sponsors and Consumers, Visante, (February 2016), available at <https://www.pcmanet.org/pbms-generating-savings-for-plan-sponsors-and-consumers/>.



cases where the pharmacy has not met agreed-upon performance metrics. Essentially, it would interfere with private contracts and take away flexibility in contracting for both PBMs and pharmacies by preventing the parties from entering into contracts with pharmacies that include pay-for-performance provisions that have downside risk. This type of prohibition is antithetical to the progress of the health care system and is a departure from the trend of payment for value.

Additionally, this section of the bill would also prohibit PBMs from retroactively adjusting payment on clean claims submitted by pharmacies based on previously agreed to payment standards such as generic effective rates which provide generic reimbursement predictability for pharmacies. Therefore, this provision would also interfere in current contracting in addition to taking away flexibility in contracting for both PBMs and pharmacies.

For these reasons, PCMA believes that this proposal needs further discussion with regard to the concerns we raised above and therefore, we must respectfully oppose this bill. We appreciate your consideration of our comments. If you have any questions, please contact me at 202-756-5743.

Sincerely,

A handwritten signature in cursive script that reads "April C. Alexander".

April C. Alexander  
Assistant Vice President, State Affairs